

LOAN AGENCY TAX REPEAL

Prior Law

A loan agency tax was imposed under chapter 430A of the Iowa Code. The tax was imposed on corporations not incorporated in Iowa which were engaged in the business of making loans or investments in Iowa on other than real estate. The tax was levied at the rate of 5 mills on each dollar of money loaned or invested in Iowa. The tax was paid to the county treasurer in the county where the corporation had offices. The tax was apportioned 20% to the county, 30% to the city where the corporation had offices, and 50% to the state of Iowa.

In a ruling dated March 28, 2006, the Polk County District Court in General Motors Acceptance Corporation v. Polk County, Iowa, et. al. ruled that this tax facially discriminated against interstate commerce and violated the United States Constitution commerce clause because this tax was only imposed on out-of-state corporations, and was not imposed on Iowa-based corporations. Based on this ruling, the loan agency tax was no longer being enforced by the Department of Revenue and the county treasurers who administered and collected this tax.

New Provisions

The loan agency tax chapter of the Iowa Code was repealed.

Section Amended

Section 6 of House File 904 repeals chapter 430A, Code 2007.

Effective Date

July 1, 2007.